

Samsung & SK hynix

Moving ASPs higher, new strategy needed

We increase estimates for Samsung and SK hynix again and remain OW. Memory pricing continues to come in stronger than expected, as shown by latest export data and 2Q should be strong too. The key is clearly where pricing will go from here and we think companies need to take control of the narrative.

Pricing still positive. We increase ASP assumptions to 90-100% in 1Q for Samsung and SK hynix across DRAM and NAND given latest channel checks and export data. We start off at 40%+ qoq ASP growth for 2Q but can see upside. We now model muted sequential growth in 3Q and 4Q. Supply is being ramped and pull-ins continue but we still see little meaningful supply until 2H27 and therefore see no reason for the supply tightness to improve. One swing factor is weakening smartphone/PC demand, but if smartphone units were down 20% instead of the -10% we model, this would 'only' free up the capacity equivalent to up to one fab on our estimates. China will accelerate capacity expansion but we only see this helping outside of data centre and thus we expect limited impact on the current supply demand imbalance - see [More to go – initiate at OW](#) (14 January 2026).

New strategy needed? At GTC the SK chairman stated that supply would remain tight until 2030. More notably, in our view, was the suggestion that SK hynix could propose a solution to stabilise DRAM prices ([Reuters](#), 16/3/26). Current memory stock valuations imply little confidence ASPs will sustain anywhere near current levels, understandable given historical cycles even despite the ongoing debate that this time is different. LTAs are being signed but pricing structures are unclear with various options available. While hyperscaler demand remains insatiable and supply additions are inherently slow, we believe a new approach is needed. We posit that a new pricing framework that incorporates expected supply growth, the capex required to bring that supply online, and the associated decline in cost per bit could be helpful for all. Such a structure could provide all stakeholders with greater visibility and manage inevitable price declines even if giving up some near-term ASP upside. This could provide comfort the next 'trough' can be materially higher than the last or even better, that the industry is structurally evolving.

SK hynix (OW) - PT to €900, c80% upside. We increase estimates on higher ASPs. Revenues increase c40-50% as we let higher ASPs flow through. We keep our ASP decline assumptions

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from 2028 onwards. As we discussed in [More to go – initiate at OW](#) (14 January 2026), we saw a potential ADR listing as positive catalyst for the shares that could help rerate the stock and [developments suggest a listing could occur in 2026](#). We increase our PT to €900. We trim our multiple to 5x (from 7x) given uncertainty on pricing from here but higher 2026 estimates more than offset.

Samsung (OW) - PT to \$4000, 40% upside. We increase Samsung estimates on higher memory ASPs but this is partly tempered by lower smartphone unit assumptions (see [Handset Update; Lowering CY26 Global Units on Memory Pressures](#), 11 March 2026). Even still revenues increase c20-30%. We increase our PT to \$4000, still based on 2.5x 2026E P/Book.

Summary of our Ratings, Price Targets and Earnings Changes in this Report (all changes are shown in bold)

Company	Rating		Date	Price	Price Target			EPS FY1 (E)			EPS FY2 (E)		
	Old	New			Old	New	%Chg	Old	New	%Chg	Old	New	%Chg
European Technology Hardware	Neu	Neu											
Samsung Electronics Co Ltd (0593xq.L/SMSN LJ)	OW	OW	27- Mar-26	2900.0 0	3,600.0 0	4,000.00	11	333.80	503.22	51	388.55	582.94	50
SK hynix Inc. (HY9Hy.F/HY9H GR)	OW	OW	26- Mar-26	528.00	800.00	900.00	12	195,62 0.76	331,39 9.02	69	204,41 9.39	404,27 0.53	98

Source: Barclays Research. Share prices and target prices are shown in the primary listing currency and EPS estimates are shown in the reporting currency. FY1(E): Current fiscal year estimates by Barclays Research. FY2(E): Next fiscal year estimates by Barclays Research. Stock Rating: OW: Overweight; EW: Equal Weight; UW: Underweight; RS: Rating Suspended Industry View: Pos: Positive; Neu: Neutral; Neg: Negative.

Valuation Methodology and Risks

European Technology Hardware

SK hynix Inc. (HY9H GR / HY9Hy.F)

Valuation Methodology: We use a target multiple of 5x 2026E EPS, in line with peers and a discount to its historical valuation, although history is a difficult guide for memory stocks. The discount reflects uncertainty on the outlook around potential double ordering but also that our estimates are well ahead of consensus.

Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target: Key risks to our investment thesis include: 1) loss of market share in HBM due to strong competition; 2) a slowdown in AI-related demand; and 3) slower than expected capacity additions, leading to failure in capturing all of the opportunities ahead.

Samsung Electronics Co Ltd (SMSN LI / 0593xq.L)

Valuation Methodology: We value Samsung at 2.5x 2026E P/Book, which is a discount to peers given it is (currently) behind on HBM and the diversified nature of the business.

Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target: Key risks to our investment thesis include 1) loss of market share in foundry due to strong competition; 2) prolonged macro weakness limits revenue growth; and 3) China achieving self-sufficiency in advanced semiconductor manufacturing and consumer electronics leading to a loss of revenues from China.

Source: Barclays Research

The below is an extract from our report [SK hynix - more to go - initiate at OW](#) (14 January 2026).

AI wall of demand

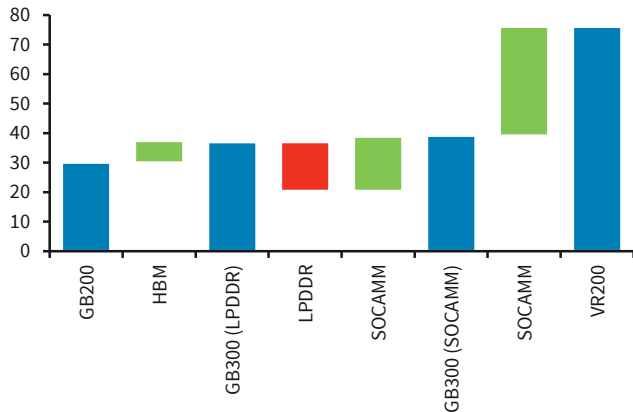
As AI models increase in size and complexity, the memory demand is increasing exponentially. Servers are therefore piling on fast-access DRAM memory to address memory bottlenecks in AI applications. This has been well observed with tight high-bandwidth memory (HBM) supply as AI GPUs and ASICs try to pack as much HBM on a single chip as possible. However, this is also spilling into traditional DRAM as well and even NAND. We estimate total bit demand for DRAM from AI servers could grow 9x over the next five years, with HBM continuing to drive the majority of incremental wafer demand given larger die sizes. As the leader in HBM but also strong player for eSSDs, we expect SK hynix to continue to benefit from these trends.

How AI server memory requirements are changing

Training and inference benefit from having as much DRAM as possible as close to the GPU as possible, and this has been viewed as a bottleneck to AI compute, as we wrote in [Dissecting hybrid bonding demand by end customer](#) (2 December 2024). Demands on memory capacity and bandwidth have only grown with the introduction of multi-modal and reasoning models. In response, AI servers are being loaded with more and more DRAM.

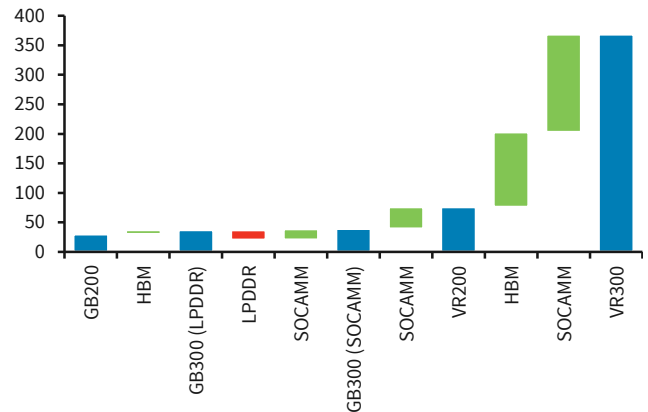
NVIDIA (covered by Tom O'Malley) has outlined its server roadmap out until 2027, including how much HBM and DRAM each server will use. From Blackwell GB200 in 2024 to Vera Rubin Ultra in 2027, DRAM content is increasing 12x, from 30TB to 365TB per server. Within the mix, HBM is increasing from c13TB per server to c150TB, and conventional DRAM from c17TB to c215TB. Thus, conventional DRAM is seeing the largest gain in bit demand. Nearer term, with the transition from Blackwell Ultra (2025) to Vera Rubin (2026), HBM content per server is flat, while we calculate that an extra c38TB of conventional DRAM will be added, doubling its entire DRAM content.

FIGURE 1. DRAM evolution by NVDA rack (TB) - up to Rubin



Source: Company data, Barclays Research Estimates

FIGURE 2. DRAM evolution by NVDA rack (TB) - up to Rubin Ultra



Source: Company data, Barclays Research Estimates

DRAM requirements increasing

To pack more conventional DRAM into AI servers, chip designers are turning to SOCAMM (small outline compression attached memory module), which stacks conventional LPDDR5X dies into a modular form factor. Unlike HBM, no modification is needed to stack DRAM dies, since dies are stacked and connected together using wire bonding, rather than with through-silicon Vertical Interconnect Accesses (VIAs). This enables more and higher bandwidth memory to be added directly to server compute boards, without the cost hurdle that comes with HBM. SOCAMM is not being used as an HBM replacement, but instead replaces the traditional DRAM typically used in servers.

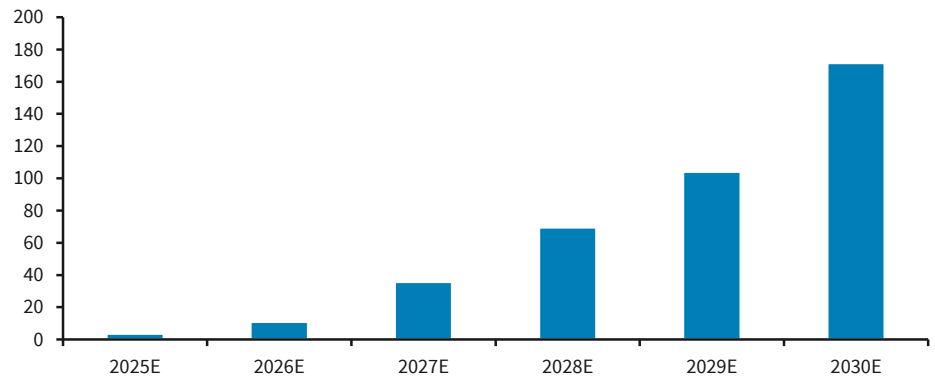
Micron (covered by Tom O'Malley) announced that it had developed its SOCAMM solution in collaboration with NVIDIA to support the Blackwell Ultra, demonstrating 2.5x the bandwidth and a third of the power consumption compared with standard DDR5 modules ([press release](#), 18 March 2025). Its solution used 16-die stacks of LPDDR5X to create a 128GB module. NVIDIA's GB300 was set to entirely replace its conventional DRAM with SOCAMM, with each rack having 18TB, per NVIDIA's spec sheets. Though Micron was first to announce this, press reports indicate that future allocations of SOCAMM2 could be more equal among Samsung, SK hynix and Micron ([TrendForce](#), 1 October 2025).

NVIDIA seemingly delayed the introduction of SOCAMM to Rubin, however, with Blackwell Ultra reverting to LPDDR5X and Rubin using next-gen SOCAMM2, according to press reports ([Tom's Hardware](#), 15 May 2025). We think we could therefore see up to 55TB of SOCAMM used per Vera Rubin rack, which is being launched later this year. At its recent AI Infra Summit, NVIDIA launched its Rubin CPX, tailored for massive-context inference and video generative models. Each rack features c100TB of DRAM, of which c55TB is SOCAMM, but this could double in its dual rack solutions. We think this implies that both more and higher capacity SOCAMM modules could be added to the GPU boards at Rubin compared with what was proposed at Blackwell (4x128GB modules per CPU).

SOCAMM use could increase 4x with Vera Rubin Ultra, in our view. SOCAMM attaches to the CPUs, rather than GPUs where HBM is attached, and Vera Rubin Ultra NVL576 servers are set to use 4x the number of CPUs per rack than Vera Rubin NVL144. As discussed above, each rack could use up to c215TB of non-HBM DRAM, based on NVIDIA specs, which we think could all be SOCAMM.

As a result, we estimate that bit demand from LPDDR/SOCAMM could increase from c4 billion Gb in 2025 to c165 billion Gb by 2030, just from AI servers alone. SK hynix has positioned itself well to serve this demand through its HBM and DRAM portfolios, and we expect it to capture at least its fair share of the market growth we forecast ahead.

FIGURE 3. Potential bit demand from LPDDR/SOCAMM from NVDA servers (Gb, billions)

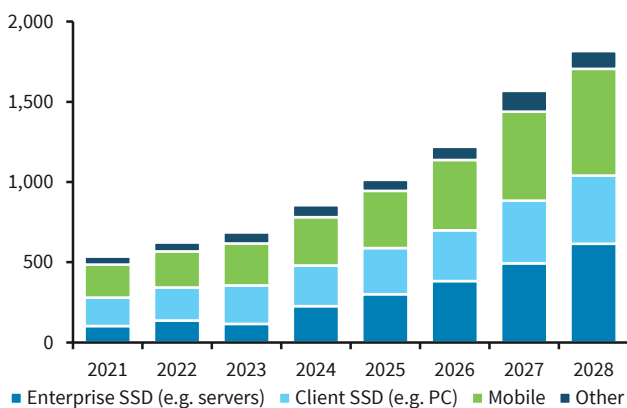


Source: Barclays Research Estimates

NAND demand also stepping up

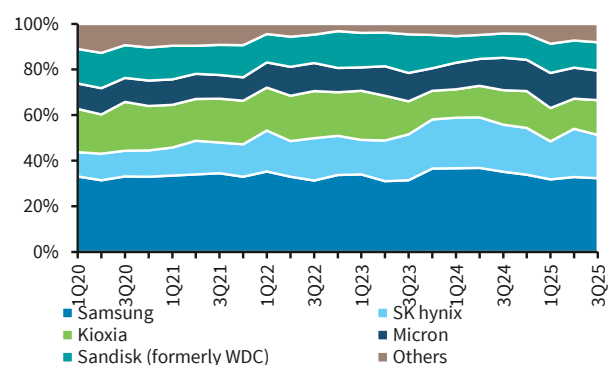
NAND is primarily used for more permanent storage of data at much larger capacities than DRAM, and does not require power to store information (non-volatile). However, NAND offers slower access to data than DRAM. Applications of NAND include hard drives for PCs, smartphone storage, flash USB sticks and memory cards. Due to its lower performance to DRAM, it is not typically found in chips for HPC/AI. Like traditional DRAM, NAND is seen as a commodity, and suppliers tend to act cautiously when adding supply to not upset tight pricing dynamics.

FIGURE 4. NAND demand by end market (EB)



Source: Sandisk, TechInsights, Barclays Research

FIGURE 5. NAND market share by revenue (%)



Source: TrendForce, Barclays Research

NAND demand has historically been primarily driven by consumer applications, with smartphones and PCs driving c65% of demand in 2025E. With modest demand growth for smartphone and PC units, and NAND demand driven through increasing storage amounts in these devices (e.g. the base storage in an iPhone increased from 128GB in iPhone 13 to 256GB in iPhone 17), the prevailing logic has been that demand can be met through upgrading NAND lines to higher density processes, rather than building new fabs, especially in the era of 3D

NAND. We are now starting to see an inflection in demand driven by AI servers. This was first due to tight supply in the HDD market, and so as an alternative hyperscalers turned to NAND for storage. Going forwards, NAND should play an increasingly important role during inference, which should lead to large incremental gains in NAND capacity in AI servers. If sustained and widely adopted, we could see tighter capacity dynamics. In response, we've seen a sustained increase in the price of NAND over the past 6 months. SK hynix has benefited from this demand with its eSSD business growing strongly to become the major driver of its NAND business and reducing mobile exposure to 30% compared to 75-80% in 2021.

AI's growing need for memory is now extending to NAND storage as companies look for ways to free up scarce, high-bandwidth memory, especially during inference. To address this, NVIDIA has introduced a new approach to deal with key-value (KV) cache, its Inference Context Memory Storage (ICMS) platform providing large amounts of SSD capacity to the rack. KV cache stores results from previous inference steps, known as context, so the model can quickly reference them instead of recalculating everything from scratch each time new inference requests come in from the same user. KV cache has become a bottleneck as context becomes larger, and NVIDIA is offloading this to SSDs through its ICMS platform, freeing up precious HBM capacity in the rack. NVIDIA claims this implementation can boost tokens per seconds generated by up to 5x and deliver up to 5x power efficiency compared to traditional storage. At CES, Nvidia's CEO Jensen Huang highlighted that Rubin racks have four ICMS platforms, each with c150TB of storage, supported by its BlueField DPUs. This implies a potential incremental 600TB of SSD storage per rack, which for reference is 8x the amount of DRAM a Rubin rack has. If, for example, 100k server racks are shipped in a year, with 600TB of ICMS storage and 500TB of additional PCIe SSD storage, this could imply demand for 110EB (exabytes) of NAND, which is c10% of current NAND supply or c20% of SSD shipments in 2025 on our estimates. This could spur the need for more capacity, especially if these new memory architectures are adopted outside of the NVIDIA ecosystem as well.

NAND use in AI servers could also follow a similar pathway to DRAM as AI demands from memory outpace the capabilities from existing commoditised solutions. High-Bandwidth Flash (HBF) is a proposed NAND based, HBM-like, memory architecture that could offer 8-16x the capacity of HBM at a similar bandwidth and cost, designed for inference workloads. The architecture mirrors HBM, stacking NAND core dies, connecting them with through-silicon-VIAs (TSVs) and controlling them with a base logic die. Sandisk (covered by Tom O'Malley) first announced HBF development, and envisages HBF replacing some HBM usage on HPC chips. Sandisk expects to have samples available to customers in early 2027, though we believe adoption is likely to be later. SK hynix has signed an MOU with Sandisk to define and standardize an HBF specification and presented its HBF product strategy at OCP in October 2025.

How could memory pricing impact the AI ROI?

This is the multi-trillion dollar question and not a simple answer. AI spending has been insatiable and there have been rising concerns on whether companies will be able to monetise these investments to generate a suitable return. With memory pricing exploding, the BoM for the likes of Nvidia are seeing material increases, which if passed on will also see the cost to deploy AI infrastructure increase. At the same time, Nvidia's new chips are lowering the cost to generate tokens materially, so whilst costs are increasing customers will still see scope for more revenue generation as well.

Nvidia has given various nuggets around the revenue opportunity from using its chips. At its 2Q26 earnings call, CEO Jensen Huang detailed that "a \$3 million investment in GB200 infrastructure can generate \$30 million in token revenue, a 10x return". Similarly, in a recent [press release](#), Nvidia details that 'Companies can monetize at an unprecedented scale, with \$5B

in token revenue for every \$100M invested', although this was alongside Nvidia's CPX announcement and so it's not clear how this includes initial investment for associated GPUs. Either way, the first example would suggest that increased memory pricing can be absorbed and passed on to AI players and their returns can still look attractive.

Another way to assess this is with a bottom-up approach to show how AI providers could be more inelastic to increased chip costs. Data Section (not covered), a Japanese AI and data company, helpfully provided a revenue model for 5k B200 GPUs. The details are as follows:

- 3 year contract with +2 year extension options
- ARR of cJPY20bn or contract value of cJPY60bn over 3 years
- Up to 80% project EBITDA margin
- GPU procurement costs of cJPY42bn

Based on the project financials disclosed, we estimate a positive NPV. If the contract is extended to five years, the NPV becomes material. Note that even if we assume the cost of the chips increases commensurate with where memory pricing has reached, the NPV remains positive, i.e. memory prices would need to increase materially more to turn the NPV negative. The caveats are that: 1) Data Section assumes a 30% residual value which could be optimistic, 2) this is just one example of what must be many different models, and 3) Data Section is a neo-cloud. If we remove the residual value, then the NPV is materially lower but still positive before any memory price increases. Post memory price increases the NPV turns negative. A price increase from the AI provider similar to the increase in BoM is needed to turn the NPV positive again, which may be possible given the benefits AI applications can bring. However, perhaps more importantly/ interestingly/unsurprisingly, even without a price increase, extending the contract by just one year ensures a positive NPV. We note this is for a cloud rental model; for a hyperscaler the economics should be even more attractive, in our view. We view SK hynix as more datacentre exposed than peers, and thus it should benefit significantly from the above dynamic.

The below is an extract from our report [SK hynix - more to go - initiate at OW](#) (14 January 2026).

Capacity constrained - DRAM supply model

Given the unprecedented demand from AI for DRAM and NAND the industry is now severely supply constrained. As a result, memory players are accelerating capacity additions and node conversions as quickly as they possibly can. However, due to stopping fab construction in late 2022/2023 and only restarting in 2024 at the earliest, there are limited new fabs coming online in 2026 that players can utilise for expansion. Thus, supply growth will be somewhat limited in 2026 before accelerating in 2027, in our view. By 2028, there could be scope to add 400k wspm of capacity (330k ex China), equivalent to >20% of 2025 capacity, but this will depend on continued resilient demand.

Like its peers, SK hynix is cleanroom space constrained on DRAM and is expanding through new greenfield fabs and node upgrades. It completed its M15X fab in Cheongju late in 2025, adding new capacity for HBM (1b node), and we expect it to ramp over half the capacity in 2026 with the rest online in 2027. Hynix is also building a cluster of four fabs in Yongin, which has the potential to add substantial amounts of capacity; SK Group Chairman Chey Tae-won has been quoted in Korean media that Yongin will have 24 times the capacity of M15X when fully operational ([The Korea Times](#), 3 November 2025). The first phase is expected to enter production as early as March 2027, having been pulled in by two months per [The Elec](#) (5 January 2026). Based on recent satellite imagery of the site, progress on the other phases seems limited to groundwork, though we believe acceleration is more likely than delay. The

press has reported an additional fab in Cheongju, M17, though this has been consistently denied by the company ([DigiTimes](#), 27 February 2025). On NAND capacity, SK hynix does not have any plans to add greenfield capacity, and is expanding capacity through node upgrades, in line with its peers.

We see SK hynix's Yongin cluster as key for the company to meet future demand but also to mitigate the difficulties it will likely face in keeping its Wuxi fab at relevant advanced nodes given restrictions around importing equipment. Recent press reports ([The Chosun Daily](#), 30/12/25) suggest that SK hynix and Samsung could get permission to ship equipment on an annual basis. Thus SK hynix could continue to upgrade Wuxi for another year (to an extent), but our concern is that this will reach a limit, at which point it will be difficult to produce relevant nodes. This is likely still a couple of years away, however, at which point material capacity could have been added in Yongin and Hynix could dispose of the China fab.

Samsung continues to build out its Pyeongtaek cluster, with the majority of capacity additions related to DRAM rather than foundry. Samsung is reportedly adding DRAM lines to the first phase of P4, and its third and fourth phases will also focus reportedly on DRAM ([DigiTimes](#), 15 November 2024). This coincides with Samsung's ramp of 1C, with reports that 1C lines are being added to P4 in 2025, with plans for further expansion on top of existing lines on older nodes being converted at other fabs ([TrendForce](#), 22 May 2025). Press reports also indicate Samsung is accelerating its ramp of P4, with a total capacity of c250kwsmpm ([DigiTimes](#), 25 September 2025), with Samsung's total HBM capacity set to increase 50% in 2026, according to [ETnews](#) (30 December 2025). [The Elec](#) has written that construction is resuming at Samsung's delayed P5 fab, with it expected to enter production in 2028 (5 January 2026). Samsung has allegedly reserved land in Pyeongtaek for a P6 fab ([DigiTimes](#), 6 November 2025), and secured land for a large cluster in Yongin, potentially up to six fabs, which could start construction as early as 2H26 ([DigiTimes](#), 2 January 2026).

Micron has indicated it is constructing a new EUV DRAM fab (1 gamma) in Idaho, which is set to produce meaningful volumes in its 2027FY (September year-end). It plans to build four fabs in Clay, New York, spending up to \$100bn over 20 years. Micron announced that it will break ground at the site this month ([press release](#), 7 January 2026). The first fab had been expected to enter production in 2028; however, this was reportedly delayed by 2-3 years ([TrendForce](#), 10 November 2025). It is also reportedly adding HBM capacity by expanding its fab in Hiroshima, Japan, with construction reportedly starting early in 2026 and first shipments in 2028 ([Reuters](#), 29 November 2025).

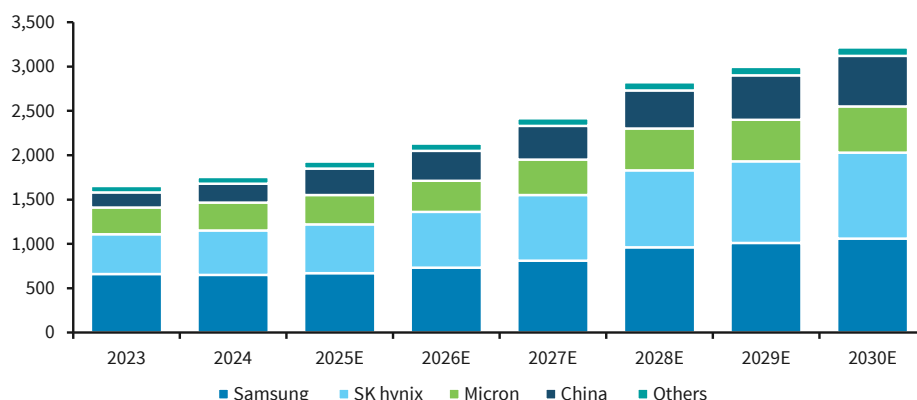
FIGURE 6. Barclays fab tracker, memory

Company	Fab	Phase	Location	Process	Construction start	Production start	Pulled in?
Samsung	Fab S5	P4 ph2	Pyeongtaek, SK	HBM4 DRAM	3Q23	2H26/1H27	
Samsung	Fab S5	P4 ph3	Pyeongtaek, SK	Mix	1H24	2026?	
Samsung	Fab S5	P4 ph4	Pyeongtaek, SK	DRAM 1C	1H24?	4Q26/1Q27	2 months
Samsung	Fab S5	P5	Pyeongtaek, SK	Mix	3Q24	2028?	
Samsung	Fab S5	P6	Pyeongtaek, SK	?	?	?	
Samsung	?	?	Yongin, SK	?	2H26?	2028/29?	
Micron	-	-	Boise, US	DRAM - EUV	4Q23	2H27	
Micron	-	-	Hiroshima, JP	DRAM - EUV	2Q26	2028	
Micron	-	-	Clay, US	DRAM - EUV	1Q26	2029?	Could be pulled into 2028
Micron	-	-	Clay, US	DRAM - EUV	2030	2034	
Micron	-	-	Clay, US	DRAM - EUV	2035	2037	
Micron	-	-	Clay, US	DRAM - EUV	2039	2042	
SK hynix	M15X	-	Cheongju, SK	DRAM - EUV?	2022	4Q25	
SK hynix	-	-	Yongin, SK	DRAM - ?	1Q25	1Q27	2 months
SK hynix	-	-	Yongin, SK	DRAM - ?	?	2027?	1 year
SK hynix	-	-	Yongin, SK	DRAM - ?	?	2028?	1 year
SK hynix	-	-	Yongin, SK	DRAM - ?	?	2029?	1 year
SK hynix	M17	-	Cheongju, SK	?	Delayed from 2023	?	

Source: Barclays Research estimates, company data

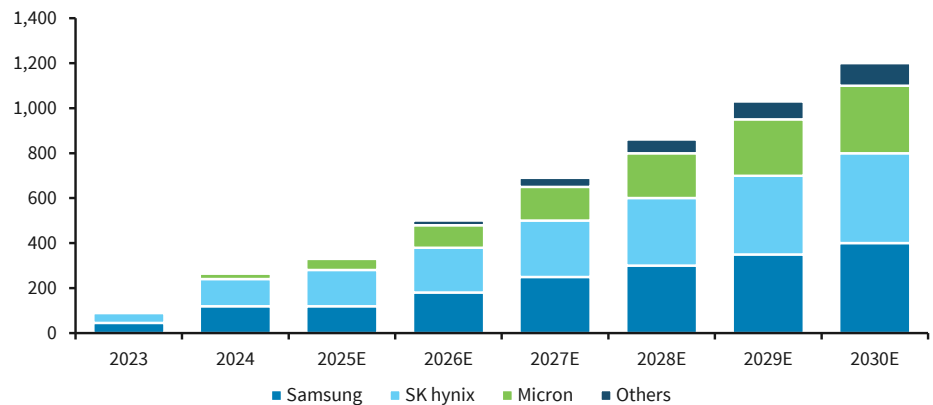
Based on our fab tracker and our discussions with the companies, we build a DRAM supply model shown in the following figures. We estimate global memory players will bring more capacity online in 2H26 and 2027, especially for SK hynix's phase 1 of Yongin, Samsung's P4 in Pyeongtaek and Micron's Idaho. We continue to model meaningful capacity expansion for the top 3 players until the end of the decade because more DRAM projects are in pipelines and the increasing memory-intensity of AI servers as we discussed above in [AI wall of demand](#). The Chinese leading DRAM player is also targeting large capacity expansion despite export controls and has been placing more equipment orders to the local vendors since 3Q25.

FIGURE 7. Total DRAM wafer supply (WSPM)



Source: Barclays Research Estimates

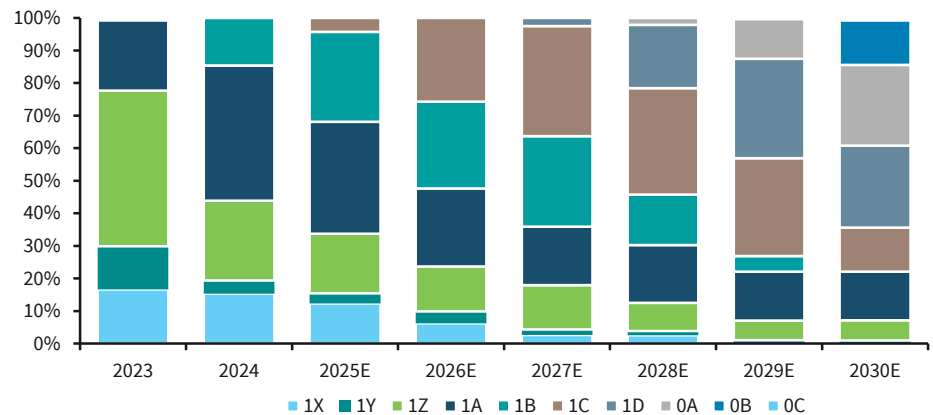
FIGURE 8. HBM DRAM wafer supply (WSPM)



Source: Barclays Research Estimates

Alongside greenfield expansions we expect material conversion activity to take place as the other lever available to expand supply. In 2026, most players will continue to update from 1a and legacy nodes to minimum 1b and start to migrate to 1c from LSD% to low 20s%, per Figure 9. In 2026 we expect SK hynix to convert a material amount of 1a capacity in Korea to 1c and similar actions to be taken by peers. In China, we believe SK hynix has virtually converted all of its capacity in Wuxi to 1a while CXMT (private, not covered) is still lagging behind at the equivalent to 1z node.

FIGURE 9. Global DRAM Node Transition by %



Source: Company data, Barclays Research Estimates

These conversions will help expand bit supply faster than implied by the wafer expansions modeled above, in our view.

In Dec, Micron expects '26 industry DRAM bit shipments to grow ~20% YoY (same expectation for its own DRAM bit shipments in '26). We model ~15%/20% YoY global bit supply growth for '25 and '26, respectively, with SK expanding faster.

Further up the supply chain, top Chinese memory module makers are raising more money for capacity expansion and future product development amid the AI memory super cycle. The largest memory module maker Longsys (301308.SZ, not covered) has stated it is raising RMB3.7bn to develop the next gen modules (including eSSD, RDIMM, consumer SSD, DIMM, etc)/ controllers and build high-end back-end projects. Shenzhen Techwinsemi, more commonly

known as TWSC (001309.SZ, not covered), has stated it is raising RMB3.2bn to expand its SSD and DRAM projects.

Samsung Forecasts and valuation

Changes to estimates

FIGURE 10. Summary of Samsung changes to estimates

Dec FY, KRWbn	New			Old			Change		
	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
Revenue	617,686	720,091	749,197	501,793	568,162	621,895	23%	27%	20%
Adjusted Gross Profit	380,069	439,256	449,518	278,276	317,923	347,990	37%	38%	29%
Adjusted Operating Income	260,109	298,838	299,679	173,242	201,449	220,502	50%	48%	36%
Adjusted Pretax Income	264,160	303,549	306,414	177,232	205,696	226,247	49%	48%	35%
Adjusted Net Income	194,157	223,109	225,214	130,266	151,187	166,292	49%	48%	35%
Adjusted Net Income for Shareholders	193,183	222,086	224,140	128,838	149,688	164,718	50%	48%	36%
Diluted EPS (KRW)	29,187	33,811	34,333	19,361	22,536	24,799	51%	50%	38%
Adjusted Diluted Earnings per GDR (USD)	503	583	592	334	389	428	51%	50%	38%
Dividend per GDR - P&L (USD)	29	32	36	29	32	36	0%	0%	0%
DPS (P&L)	1,707	1,877	2,065	1,707	1,877	2,065	0%	0%	0%
FCF	147,030	162,099	177,388	125,039	113,124	128,219	18%	43%	38%
Equity FCF	147,030	162,099	177,388	125,039	113,124	128,219	18%	43%	38%
Capex	86,476	115,215	119,872	70,251	90,906	99,503	23%	27%	20%
Margins									
Adjusted Gross Margin	61.5%	61.0%	60.0%	55.5%	56.0%	56.0%	6.1pp	5.0pp	4.0pp
Adjusted Operating Margin	42.1%	41.5%	40.0%	34.5%	35.5%	35.5%	7.6pp	6.0pp	4.5pp
Adjusted Pretax Margin	42.8%	42.2%	40.9%	35.3%	36.2%	36.4%	7.4pp	6.0pp	4.5pp
Adjusted Net Margin	31.4%	31.0%	30.1%	26.0%	26.6%	26.7%	5.5pp	4.4pp	3.3pp

Source: Barclays Research estimates

Forecasts

FIGURE 11. Samsung Drivers

Dec FY, KRWbn	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E
Digital eXperience (DX)	166,260	182,500	169,995	174,858	187,962	178,772	185,583	192,624	199,950	207,574
o/w Visual display (VD)/Digital appliances (DA)	55,840	60,630	56,440	56,440	57,300	57,150	59,491	61,933	64,482	67,141
VD	31,500	33,280	30,380	30,959	30,915	31,317	32,883	34,527	36,253	38,066
DA	24,340	27,350	26,060	25,481	26,385	25,833	26,608	27,406	28,229	29,075
o/w Mobile eXperience (MX)/Networks	109,250	120,820	112,410	117,230	129,600	120,502	124,972	129,570	134,348	139,313
MX	104,670	115,430	108,630	114,413	126,541	116,502	120,972	125,570	130,348	135,313
Networks	4,580	5,390	3,780	2,817	3,059	4,000	4,000	4,000	4,000	4,000
o/w other	1,170	1,050	1,145	1,187	1,062	1,120	1,120	1,120	1,120	1,120
Device Solutions	95,390	98,460	66,590	111,065	130,123	452,179	548,387	563,034	559,211	584,696
o/w Memory	72,590	68,540	44,130	84,505	104,090	422,783	515,856	527,917	522,558	546,433
o/w Foundry/S.LSI	22,800	29,920	22,460	26,560	26,033	29,396	32,531	35,116	36,653	38,263
Samsung Display (SDC)	31,710	34,380	30,970	29,132	29,848	30,809	32,350	33,967	35,666	37,449
Harman	10,040	13,220	14,390	14,249	15,803	17,695	18,579	19,508	20,484	21,508
Other	-23,790	-26,329	-23,010	-28,432	-30,131	-61,769	-64,808	-59,936	-60,393	-63,054
Total	279,610	302,231	258,935	300,871	333,606	617,686	720,091	749,197	754,917	788,174
<i>YoY Growth</i>										
Digital eXperience (DX)	-	10%	-7%	3%	7%	-5%	4%	4%	4%	4%
o/w Visual display (VD)/Digital appliances (DA)	-	9%	-7%	0%	2%	0%	4%	4%	4%	4%
VD	-	6%	-9%	2%	0%	1%	5%	5%	5%	5%
DA	-	12%	-5%	-2%	4%	-2%	3%	3%	3%	3%
o/w Mobile eXperience (MX)/Networks	-	11%	-7%	4%	11%	-7%	4%	4%	4%	4%
MX	-	10%	-6%	5%	11%	-8%	4%	4%	4%	4%
Networks	-	18%	-30%	-25%	9%	31%	0%	0%	0%	0%
o/w other	-	-10%	9%	4%	-11%	5%	0%	0%	0%	0%
Device Solutions	-	3%	-32%	67%	17%	248%	21%	3%	-1%	5%
o/w Memory	-	-6%	-36%	91%	23%	306%	22%	2%	-1%	5%
o/w Foundry/S.LSI	-	31%	-25%	18%	-2%	13%	11%	8%	4%	4%
Samsung Display (SDC)	-	8%	-10%	-6%	2%	3%	5%	5%	5%	5%
Harman	-	32%	9%	-1%	11%	12%	5%	5%	5%	5%
Other	-	11%	-13%	24%	6%	105%	5%	-8%	1%	4%
Total	-	8%	-14%	16%	11%	85%	17%	4%	1%	4%

Source: Barclays research estimates, company data

FIGURE 12. Samsung Profit and Loss Statement

Dec FY, KRWbn	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E
Digital eXperience (DX)	166,260	182,500	169,995	174,858	187,962	178,772	185,583	192,624	199,950	207,574
Device Solutions	95,390	98,460	66,590	111,065	130,123	452,179	548,387	563,034	559,211	584,696
Samsung Display (SDC)	31,710	34,380	30,970	29,132	29,848	30,809	32,350	33,967	35,666	37,449
Harman	10,040	13,220	14,390	14,249	15,803	17,695	18,579	19,508	20,484	21,508
Other	-23,790	-26,329	-23,010	-28,432	-30,131	-61,769	-64,808	-59,936	-60,393	-63,054
Total revenue	279,610	302,231	258,935	300,871	333,606	617,686	720,091	749,197	754,917	788,174
Adjusted Gross Profit	113,200	112,190	78,547	114,309	131,370	380,069	439,256	449,518	437,852	441,377
Adjusted Operating Income	51,640	43,377	6,567	32,726	43,601	260,109	298,838	299,679	283,094	275,861
Adjusted Pretax Income	53,350	46,440	11,002	37,530	49,481	264,160	303,549	306,414	292,029	286,792
Adjusted Net Income	39,910	55,654	15,482	34,451	45,207	194,157	223,109	225,214	214,641	210,792
Profit attributable to NCI	666	924	1,014	830	946	974	1,023	1,074	1,128	1,184
Adjusted Net Income Available to Common Stock	39,244	54,730	14,469	33,621	44,261	193,183	222,086	224,140	213,514	209,608
Diluted EPS (KRW)	5,777	8,057	2,130	4,955	6,637	29,187	33,811	34,333	32,906	32,505
DPS (P&L)	3,020	1,445	1,240	740	1,345	1,707	1,877	2,065	2,271	2,499
Adjusted Diluted Earnings per GDR (USD)	126	161	41	91	116	503	583	592	567	560
Dividend per GDR - P&L (USD)	67	29	24	14	23	29	32	36	39	43
Margins										
Adjusted Gross Margin	40%	37%	30%	38%	39%	62%	61%	60%	58%	56%
Adjusted Operating Margin	18%	14%	3%	11%	13%	42%	42%	40%	38%	35%
% adjusted pretax margin	19%	15%	4%	12%	15%	43%	42%	41%	39%	36%
% adjusted net margin	14%	18%	6%	11%	14%	31%	31%	30%	28%	27%

Source: Barclays Research estimates, company data

FIGURE 13. Samsung Cash Flow Statement

Dec FY, KRWbn	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E
Net Income	39,907	55,654	15,487	34,451	45,207	194,157	223,109	225,214	214,641	210,792
Depreciation and Amortization	34,247	39,108	38,667	42,631	46,927	49,299	55,546	68,673	79,937	88,924
Other Adjustments	14,808	-6,034	-2,147	316	5,469	66,569	76,449	75,214	69,208	65,857
Total Adjustments	49,056	33,073	36,520	42,947	52,396	115,868	131,995	143,887	149,144	154,781
Changes in operating assets and liabilities	-16,287	-16,999	-5,459	-1,568	-9,614	-10,333	-1,689	3,063	-12,082	2,023
Interest received	1,407	2,137	4,786	4,008	4,681	3,319	3,841	5,798	7,953	9,874
Interest paid	-434	-715	-845	-675	-470	-503	-503	-503	-503	-503
Income tax paid	-8,842	-11,499	-6,621	-6,450	-7,137	-69,002	-79,441	-80,200	-76,388	-75,000
Net cash generated from operating activities	65,105	62,181	44,137	72,983	85,315	233,506	277,313	297,260	282,767	301,968
Acquisition of property, plant and equipment	-47,122	-49,430	-57,611	-51,406	-47,522	-86,476	-115,21	-119,87	-120,78	-126,10
Acquisition of intangible assets	-2,707	-3,696	-2,923	-2,335	-4,631	0	0	0	0	0
Net cash generated from investing activities	-33,048	-31,603	-16,923	-85,382	-68,512	-86,476	5	2	7	8
Net repayments from short-term borrowings	-2,617	-8,339	2,145	5,871	4,655	0	0	0	0	0
Payment of dividends	-20,510	-9,814	-9,864	-10,889	-9,897	-11,298	-12,331	-13,481	-14,739	-16,112
Net cash generated from financing activities	-23,991	-19,390	-8,593	-7,797	-13,478	-16,298	-22,331	-23,481	-24,739	-26,112
Effect of exchange rate changes on cash and cash equivalents	1,582	-539	779	4,821	826	0	0	0	0	0
Net Change in Cash	9,649	10,649	19,400	-15,375	4,151	130,733	139,768	153,907	137,241	149,747
Cash - Beginning	29,383	39,031	49,681	69,081	53,706	57,856	188,589	328,357	482,264	619,505
Cash - End	39,031	49,681	69,081	53,706	57,856	188,589	328,357	482,264	619,505	769,253

Source: Barclays Research estimates, company data

SK hynix Forecasts and valuation

Changes to estimates

FIGURE 14. Summary of SK hynix changes to estimates

EUR M, Dec FY	New			Old			% Change		
	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
Total revenue	357,023	437,062	449,067	241,216	288,063	313,896	48%	52%	43%
Adjusted gross profit	305,096	371,503	372,725	184,765	195,883	207,171	65%	90%	80%
Adjusted gross margin	85.5%	85.0%	83.0%	76.6%	68.0%	66.0%	8.9pp	17.0pp	17.0pp
Operating income	277,995	336,538	334,555	164,261	169,957	178,921	69%	98%	87%
Operating margin	77.9%	77.0%	74.5%	68.1%	59.0%	57.0%	9.8pp	18.0pp	17.5pp
Adjusted operating income	277,995	336,538	334,555	164,261	169,957	178,921	69%	98%	87%
Adjusted operating margin	77.9%	77.0%	74.5%	68.1%	59.0%	57.0%	9.8pp	18.0pp	17.5pp
EBITDA	297,814	359,511	363,381	184,080	192,612	207,146	62%	87%	75%
- margin	83.4%	82.3%	80.9%	76.3%	66.9%	66.0%	7.1pp	15.4pp	14.9pp
EBITDA - adjusted	297,814	359,511	363,381	184,080	192,612	207,146	62%	87%	75%
- margin	83.4%	82.3%	80.9%	76.3%	66.9%	66.0%	7.1pp	15.4pp	14.9pp
Net income - reported	235,956	287,841	288,315	139,282	145,547	154,126	69%	98%	87%
Net income - adj	235,956	287,841	288,315	139,282	145,547	154,126	69%	98%	87%
Equity FCF	201,279	260,404	244,201	117,633	118,224	126,593	71%	120%	93%
Cash at end of period	213,961	468,053	705,589	131,570	244,527	365,499	63%	91%	93%
DPS (P&L)	4,000.0	4,000.0	4,000.0	4,000.0	4,000.0	4,000.0	0.0%	0.0%	0.0%
EPS diluted - reported	331,399.0	404,270.5	404,936.4	195,620.8	204,419.4	216,468.8	69.4%	97.8%	87.1%
EPS diluted - adj	331,399.0	404,270.5	404,936.4	195,620.8	204,419.4	216,468.8	69.4%	97.8%	87.1%

Source: Barclays Research estimates

Forecasts

FIGURE 15. SK hynix Drivers

Dec FY, USDm	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E
DRAM sales (USDm)	26,968	22,871	16,106	33,286	52,398	189,219	236,523	244,802	242,354	253,260
% change Y/Y	41%	-15%	-30%	107%	57%	261%	25%	3%	-1%	5%
Shipments -- 1Gb eq(mn)	55,333	57,710	65,617	77,311	91,399	104,040	130,051	149,558	164,514	180,965
% change Y/Y	23%	4%	14%	18%	18%	14%	25%	15%	10%	10%
ASP - Gb (USD)	0.49	0.40	0.25	0.43	0.57	1.82	1.82	1.64	1.47	1.40
% change Y/Y	15%	-19%	-38%	75%	33%	217%	0%	-10%	-10%	-5%
By Product										
PC		4,471	3,039	4,011	5,606	27,394	20,690	18,284	15,836	21,695
% change Y/Y		-11%	-32%	32%	40%	389%	-24%	-12%	-13%	37%
% of DRAM		20%	19%	12%	11%	14%	9%	7%	7%	9%
Server		10,303	5,987	12,400	17,373	73,457	95,494	100,269	100,269	100,269
% change Y/Y		-6%	-42%	107%	40%	323%	30%	5%	0%	0%
% of DRAM		45%	37%	37%	33%	39%	40%	41%	41%	40%
Graphics (incl. HBM)		1,897	2,788	10,271	21,477	68,664	96,130	100,936	100,936	105,983
% change Y/Y		-3%	47%	268%	109%	220%	40%	5%	0%	5%
% of DRAM		8%	17%	31%	41%	36%	41%	41%	42%	42%
Mobile		4,607	3,497	5,466	6,744	18,504	23,130	24,286	24,286	24,286
% change Y/Y		-37%	-24%	56%	23%	174%	25%	5%	0%	0%
% of DRAM		20%	22%	16%	13%	10%	10%	10%	10%	10%
Dec FY, USDm	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E
NAND sales (USDm)	9,036	11,210	7,395	14,078	14,121	57,004	65,555	64,899	64,250	67,142
% change Y/Y	47%	24%	-34%	90%	0%	304%	15%	-1%	-1%	4%
Shipments - 8GB eq (mn)	90,896	138,146	162,200	162,997	173,951	213,252	245,240	269,763	296,740	326,414
% change Y/Y	61%	52%	17%	0%	7%	23%	15%	10%	10%	10%
ASP - 8Gb (USD)	0.10	0.08	0.05	0.09	0.08	0.27	0.27	0.24	0.22	0.21
% change Y/Y	-9%	-18%	-44%	89%	-6%	229%	0%	-10%	-10%	-5%
By Product										
USB, Card & Others		762	1,702	1,378	2,632	6,708	8,471	7,418	7,186	9,681
% change Y/Y		-2%	123%	-19%	91%	155%	26%	-12%	-3%	35%
% of NAND		7%	23%	10%	19%	12%	13%	11%	11%	14%
Mobile		5,353	3,333	3,319	2,814	7,561	7,939	8,336	7,919	8,315
% change Y/Y		9%	-38%	0%	-15%	169%	5%	5%	-5%	5%
% of NAND		48%	45%	24%	20%	13%	12%	13%	12%	12%
SSD (incl. discrete NAND for SSDs)		5,175	2,339	9,382	8,675	42,735	49,146	49,146	49,146	49,146
% change Y/Y		57%	-55%	301%	-8%	393%	15%	0%	0%	0%
% of NAND		46%	32%	67%	61%	75%	75%	76%	76%	73%

Source: Barclays Research estimates, company data

FIGURE 16. SK hynix Profit and Loss Statement

Dec FY, USDm	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E
Total revenue	42,998	44,622	32,766	66,193	97,147	357,023	437,062	449,067	444,576	464,582
Adjusted Gross Profit	18,953	15,628	-533	31,828	58,691	305,096	371,503	372,725	362,329	376,311
Adjusted Operating Income	12,411	6,810	-7,730	23,467	47,207	277,995	336,538	334,555	320,095	327,530
Adjusted Pretax Income	13,417	4,003	-11,658	23,885	50,465	277,595	338,636	339,194	327,109	336,928
Adjusted Net Income	9,617	2,242	-9,138	19,796	42,948	235,956	287,841	288,315	278,043	286,389
Profit attributable to NCI	14	12	-25	8	9	9	9	10	10	11
Adjusted Net Income Available to Common Stock	9,602	2,230	-9,112	19,789	42,940	235,947	287,831	288,305	278,033	286,378
Diluted EPS (KRW)	13,984	3,242	-13,244	28,419	60,355	331,399	404,271	404,936	390,510	402,232
DPS (P&L)	586	1,372	1,200	2,205	3,000	4,000	4,000	4,000	4,000	4,000
<i>Margins</i>										
Adjusted Gross Margin	44%	35%	-2%	48%	60%	85%	85%	83%	82%	81%
Adjusted Operating Margin	29%	15%	-24%	35%	49%	78%	77%	75%	72%	71%
% adjusted pretax margin	31%	9%	-36%	36%	52%	78%	77%	76%	74%	73%
% adjusted net margin	22%	5%	-28%	30%	44%	66%	66%	64%	63%	62%

Source: Barclays Research estimates, company data

FIGURE 17. SK hynix Cash Flow Statement

Dec FY, USDm	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E
Net Income	9,617	2,243	-9,138	19,797	42,948	235,956	287,841	288,315	278,043	286,389
Depreciation and Amortization	10,659	14,169	13,674	12,581	13,931	19,819	22,973	28,826	38,320	45,532
Other Adjustments	676	2,672	2,152	-1,127	-163	27,744	43,089	40,610	37,491	38,398
Total Adjustments	11,335	16,841	15,826	11,454	13,768	47,563	66,063	69,436	75,811	83,929
Interest received	17	77	199	323	346	800	3,298	5,839	8,214	10,598
Interest paid	-241	-495	-1,262	-1,277	-1,109	-1,200	-1,200	-1,200	-1,200	-1,200
Income tax paid	-1,015	-3,979	-1,384	-552	-5,874	-41,639	-50,795	-50,879	-49,066	-50,539
Net cash generated from operating activities	19,798	14,781	4,278	29,796	50,110	241,529	305,256	311,561	311,852	329,227
Acquisition of property, plant and equipment	-12,487	-19,010	-8,325	-15,946	-27,519	-36,250	-44,852	-67,360	-66,686	-69,687
Acquisition of intangible assets	-974	-739	-455	-717	-974	-1,785	-2,185	-2,245	-2,223	-2,323
Net cash generated from investing activities	-22,392	-17,884	-7,335	-18,005	-45,346	-38,749	-47,196	-69,665	-68,887	-72,110
Net repayments from borrowings	5,613	4,793	6,969	-7,376	1,918	-4,000	0	0	0	0
Payment of dividends	-805	-1,681	-826	-826	-1,681	-2,192	-2,760	-2,760	-2,760	-2,760
Net cash generated from financing activities	-805	-1,681	-826	-826	-1,681	-2,192	-2,760	-2,760	-2,760	-2,760
Effect of exchange rate changes on cash and cash equivalents	184	200	-30	530	591	0	0	0	0	0
Net Change in Cash	2,082	-81	2,610	3,618	7,008	195,748	254,091	237,536	238,347	252,353
Cash - Beginning	2,976	5,058	4,977	7,587	11,205	18,213	213,961	468,053	705,589	943,936
Cash - End	5,058	4,977	7,587	11,205	18,213	213,961	468,053	705,589	943,936	1,196,289

Source: Barclays research estimates, company data

European Technology Hardware

NEUTRAL

Samsung Electronics Co Ltd (0593xq.L)

OVERWEIGHT

Income statement (#bn)	2025A	2026E	2027E	2028E	CAGR	Price (27-Mar-2026)	USD 2,900.00
Revenue	333,606	617,686	720,091	749,197	31.0%	Price Target	USD 4,000.00
EBITDA (adj)	90,528	309,408	354,384	368,352	59.6%	Why OVERWEIGHT?	
EBIT (adj)	43,601	260,109	298,838	299,679	90.1%	We like the diversified nature of Samsung's business. The memory market shows signs of recovery which can drive strong revenue growth and, more importantly, a significant recovery in operating profit. We see scope for potential wins in foundry while the smartphone business looks relatively derisked to other peers, in our view.	
Pre-tax income (adj)	49,481	264,160	303,549	306,414	83.6%	Upside case USD 5,000.00	
Net income (adj)	44,261	193,183	222,086	224,140	71.7%	Our upside case assumes a recovery in the memory market, Samsung winning share in the display market, Samsung gaining market share in foundry, a macro recovery, and stronger than expected demand from AI.	
EPS (adj) (\$)	115.57	503.22	582.94	591.94	72.4%	Downside case USD 1,500.00	
Diluted shares (k)	267,670	264,796	262,740	261,140	-0.8%	Our downside case assume a loss of market share to competitors in foundry, a tougher macro environment for longer, China self-sufficiency leading to loss of share in China, and geopolitical risk.	
DPS (\$)	23.42	29.42	32.37	35.60	15.0%	Upside/Downside scenarios	
Margin and return data	2025A	2026E	2027E	2028E	Average		
Gross margin (adj) (%)	39.4	61.5	61.0	60.0	55.5		
EBITDA (adj) margin (%)	27.1	50.1	49.2	49.2	43.9		
EBIT (adj) margin (%)	13.1	42.1	41.5	40.0	34.2		
Pre-tax (adj) margin (%)	14.8	42.8	42.2	40.9	35.2		
Net (adj) margin (%)	13.6	31.4	31.0	30.1	26.5		
ROCE (%)	10.3	44.9	45.7	41.2	35.5		
ROA (%)	7.4	28.2	24.6	19.9	20.0		
ROE (%)	10.8	37.0	31.2	24.6	25.9		
Cash flow and balance sheet (#bn)	2025A	2026E	2027E	2028E	CAGR		
Change in working capital	-9,614	-10,333	-1,689	3,063	N/A		
Cash flow from operations	85,315	233,506	277,313	297,260	51.6%		
Capital expenditure	-47,522	-86,476	-115,215	-119,872	N/A		
Equity free cash flow	42,402	147,030	162,099	177,388	61.1%		
Change in cash	4,151	130,733	139,768	153,907	233.5%		
Tangible fixed assets	215,305	252,482	312,151	363,349	19.1%		
Intangible fixed assets	29,481	29,481	29,481	29,481	0.0%		
Cash and equivalents	57,856	188,589	328,357	482,264	102.8%		
Working capital	76,841	118,436	126,065	131,366	19.6%		
Inventories	52,637	48,155	53,859	57,473	3.0%		
Accounts receivable	58,609	111,557	118,371	123,156	28.1%		
Accounts payable	34,405	41,276	46,165	49,262	12.7%		
Total assets	566,942	787,606	1,000,997	1,217,539	29.0%		
Short and long-term debt	25,239	25,239	25,239	25,239	0.0%		
Total liabilities	130,622	173,425	186,038	200,848	15.4%		
Shareholders' equity	424,313	601,199	800,954	1,001,613	33.1%		
Valuation and return metrics	2025A	2026E	2027E	2028E	Average		
P/E (adj) (x)	25.1	5.8	5.0	4.9	10.2		
EV/sales (x)	3.2	1.5	1.1	0.8	1.7		
EV/EBITDA (adj) (x)	11.7	3.0	2.2	1.7	4.7		
EV/EBIT (adj) (x)	24.3	3.6	2.6	2.1	8.2		
P/FCF (x)	26.0	7.6	6.8	6.2	11.6		
Equity FCF yield (%)	3.8	13.2	14.7	16.2	12.0		
P/BV (x)	2.5	1.8	1.4	1.1	1.7		
Dividend yield (%)	0.8	1.0	1.1	1.2	1.0		

Note: FY End Dec

Source: Company data, Bloomberg, Barclays Research

European Technology Hardware

NEUTRAL

SK Hynix Inc. (HY9Hy.F)

OVERWEIGHT

Income statement (₩bn)	2025A	2026E	2027E	2028E	CAGR	Price (26-Mar-2026)	EUR 528.00
Revenue	97,147	357,023	437,062	449,067	66.6%	Price Target	EUR 900.00
EBITDA (adj)	61,095	297,814	359,511	363,381	81.2%	Why OVERWEIGHT?	
EBIT (adj)	47,207	277,995	336,538	334,555	92.1%	We see positive catalysts ahead supported by continued tech leadership such as continued supply tightness, a possible ADR listing, potential better financing access and further AI driven demand growth.	
Pre-tax income (adj)	50,465	277,595	338,636	339,194	88.7%	Upside case EUR 1,300.00	
Net income (adj)	42,948	235,956	287,841	288,315	88.6%	Our upside case assumes continued strength from memory prices and AI demand, AI model scaling continues, peers struggle to compete, better access to financing, and HBF adoption where SK Hynix takes the lead.	
EPS (adj) (₩)	60,320.92	331,399.02	404,270.53	404,936.40	88.6%	Downside case EUR 350.00	
Diluted shares (mn)	712	712	712	712	0.0%	Our downside case assumes a loss of market share to peers, customer double ordering, and a slower-than-expected deployment of capacity.	
DPS (₩)	3,000.00	4,000.00	4,000.00	4,000.00	10.1%	Upside/Downside scenarios	
Margin and return data	2025A	2026E	2027E	2028E	Average		
Gross margin (adj) (%)	60.4	85.5	85.0	83.0	78.5		
EBITDA (adj) margin (%)	62.9	83.4	82.3	80.9	77.4		
EBIT (adj) margin (%)	48.6	77.9	77.0	74.5	69.5		
Pre-tax (adj) margin (%)	51.9	77.8	77.5	75.5	70.7		
Net (adj) margin (%)	44.2	66.1	65.9	64.2	60.1		
ROCE (%)	25.1	115.3	118.3	99.5	89.6		
ROA (%)	27.1	80.8	51.7	33.8	48.4		
ROE (%)	44.1	99.3	57.9	36.9	59.6		
Cash flow and balance sheet (₩bn)	2025A	2026E	2027E	2028E	CAGR		
Change in working capital	-6,714	-14,295	-5,608	-5,630	N/A		
Cash flow from operations	50,110	241,529	305,256	311,561	83.9%		
Capital expenditure	-27,519	-36,250	-44,852	-67,360	N/A		
Equity free cash flow	24,509	201,279	260,404	244,201	115.2%		
Change in cash	7,008	195,748	254,091	237,536	223.6%		
Tangible fixed assets	77,503	95,366	119,238	160,366	27.4%		
Intangible fixed assets	4,049	5,227	6,628	7,879	24.8%		
Cash and equivalents	18,213	213,961	468,053	705,589	238.4%		
Working capital	23,803	38,098	43,706	49,336	27.5%		
Inventories	14,289	10,108	14,369	20,915	13.5%		
Accounts receivable	18,199	38,876	41,910	43,061	33.3%		
Accounts payable	8,685	10,885	12,573	14,641	19.0%		
Total assets	176,108	409,067	696,862	985,181	77.5%		
Short and long-term debt	25,182	21,182	21,182	21,182	-5.6%		
Total liabilities	55,441	54,602	57,266	59,980	2.7%		
Shareholders' equity	120,640	354,430	639,551	925,147	97.2%		
Valuation and return metrics	2025A	2026E	2027E	2028E	Average		
P/E (adj) (x)	15.2	2.8	2.3	2.3	5.7		
EV/sales (x)	6.4	1.2	0.4	-0.2	2.0		
EV/EBITDA (adj) (x)	10.2	1.4	0.5	-0.2	3.0		
EV/EBIT (adj) (x)	13.2	1.5	0.5	-0.2	3.8		
P/FCF (x)	26.0	3.1	2.4	2.6	8.5		
Equity FCF yield (%)	3.8	31.8	41.2	38.6	28.9		
P/BV (x)	5.3	1.8	1.0	0.7	2.2		
Dividend yield (%)	0.3	0.4	0.4	0.4	0.4		

Note: FY End Dec

Source: Company data, Bloomberg, Barclays Research

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Primary Stocks (Ticker, Date, Price)

SK hynix Inc. (HY9Hy.F, 26-Mar-2026, EUR 528.00), Overweight/Neutral, CD/J

Samsung Electronics Co Ltd (0593xq.L, 27-Mar-2026, USD 2900.00), Overweight/Neutral, CD/J/K/M/N

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European Technology Hardware

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ASML Holding NV (ASML.AS)	BE Semiconductor Industries NV (BESI.AS)	Ericsson (ERICb.ST)
Infineon Technologies AG (IFXGn.DE)	Nokia (NOKIA.HE)	Nordic Semiconductor ASA (NOD.OL)
Samsung Electronics Co Ltd (0593xq.L)	SK hynix Inc. (HY9Hy.F)	Soitec (SOIT.PA)

STMicroelectronics NV (STM.PA)

Taiwan Semiconductor Manufacturing Company
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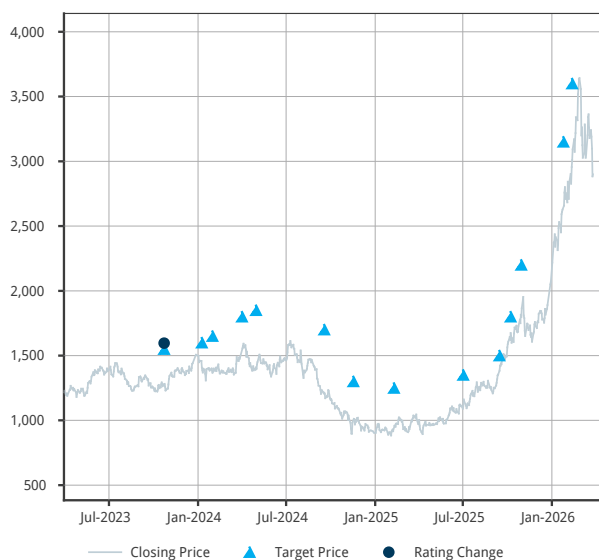
Stock Rating: **OVERWEIGHT**

Industry View: **NEUTRAL**

Closing Price: **USD 2900.00** (27-Mar-2026)

Rating and Price Target Chart - USD (as of 27-Mar-2026)

Currency=USD



Source: IDC, Barclays Research

[Link to Barclays Live for interactive charting](#)

Publication Date	Closing Price*	Rating	Adjusted Price Target
12-Feb-2026	3010.00		3600.00
25-Jan-2026	2626.00		3150.00
30-Oct-2025	1815.00		2200.00
08-Oct-2025	1643.00		1800.00
15-Sep-2025	1382.00		1500.00
02-Jul-2025	1110.00		1350.00
09-Feb-2025	916.50		1250.00
17-Nov-2024	983.50		1300.00
18-Sep-2024	1212.00		1700.00
30-Apr-2024	1409.00		1850.00
01-Apr-2024	1487.00		1800.00
31-Jan-2024	1368.00		1650.00
09-Jan-2024	1406.00		1600.00
23-Oct-2023	1264.00	Overweight	1550.00

Source: Bloomberg, Barclays Research

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Valuation Methodology: We value Samsung at 2.5x 2026E P/Book, which is a discount to peers given it is (currently) behind on HBM and the diversified nature of the business.

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SK hynix Inc. (HY9H GR / HY9Hy.F)

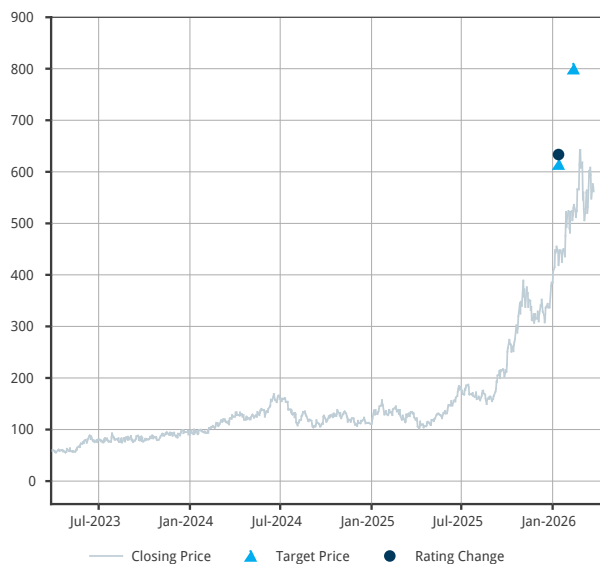
Stock Rating: **OVERWEIGHT**

Industry View: **NEUTRAL**

Closing Price: **EUR 528.00** (26-Mar-2026)

Rating and Price Target Chart - EUR (as of 26-Mar-2026)

Currency=EUR



Source: IDC, Barclays Research

[Link to Barclays Live for interactive charting](#)

Publication Date	Closing Price*	Rating	Adjusted Price Target
12-Feb-2026	516.00		800.00
13-Jan-2026	443.00	Overweight	615.00

Source: Bloomberg, Barclays Research

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Valuation Methodology: We use a target multiple of 5x 2026E EPS, in line with peers and a discount to its historical valuation, although history is a difficult guide for memory stocks. The discount reflects uncertainty on the outlook around potential double ordering but also that our estimates are well ahead of consensus.

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